EXHIBIT 2
DATE 1/15/07
HB 8, 6, 11

DAYTON/LAKE COUNTY WATER & SEWER DISTRICT

WASTEWATER COLLECTION & TREATMENT SYSTEM

Our application received3,612 points out of a possible 4,900 and ranked 22nd out of 57applications in the recommendations to the 2007 legislature **MCOC recommends the requested TSEP grant of $750,000.**

Funding Source	Type of Funds	Amount	Status of Funds
TSEP	Grant	$ 750,000	Awaiting decision of Legislature
FFGL	Grant	$ 100,000	Awaiting decision of Legislature
WRDA	Grant	$ 2,066,100	Application submitted to congressional staff in January 2006
STAG	Grant	$ 1,879,500	Application submitted to congressional staff in January 2006
RD	Loan	$ 533,400	Discussed with RD
DISTRICT	In-Kind	$ 5,000	Committed by resolution
	PROJECT TOTAL	$ 5,334,000	

Median Household Income:	$33,125	Total Population:	174
percent Non-TSEP Matching funds:	86%	Number of Households:	86

	Monthly Rate	% Target Rate		Monthly Rate	% Target Rate
Existing water rate	NA	---	Target Rate	$22,86	
Existing wastewater rate	NA	---	Rate with Proposed TSEP assistance	$70.98	310%
Existing combined rate	NA	---	Rate without TSEP Assistance	$113.91	498%

PROJECT SUMMARY

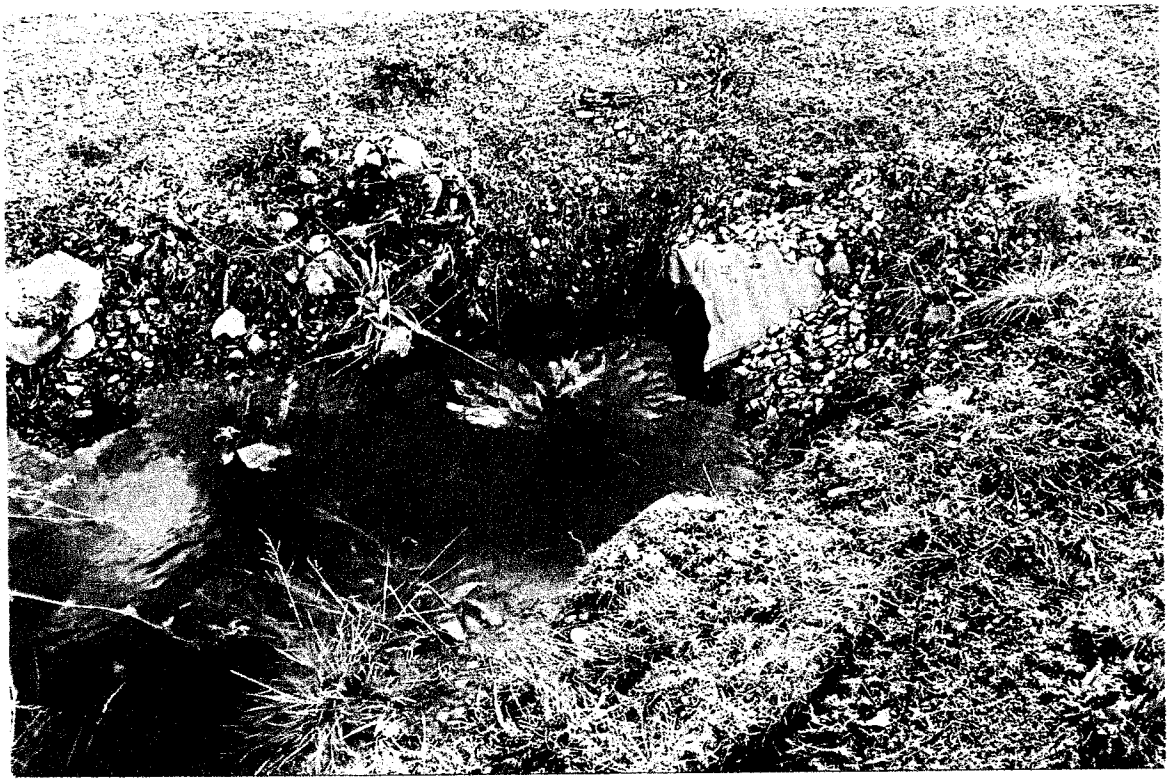
The unincorporated community of Dayton sits on the west shore of Flathead Lake, near the northern end of both Lake County and the Flathead Indian Reservation. The town site platted in the early part of the last century is home to 86 families, a church, restaurant, school and a marina. A water and sewer district was formed in 2001 to find a way to confront the ongoing problem of periodic local flooding that caused septic discharges to the surface. The community has no public facilities and depends on shallow wells and direct pipes into the Lake for domestic water, and individual septic systems for sewage treatment. The platted lots are too small to allow the development of both a well and a septic system on the same lot, so residents own multiple lots to get the required space.

[] The subsurface conditions in Dayton are unsuitable for on-sit wastewater disposal. First, there exists a deep clay layer only inches to a few feet underground in Dayton, and the topography allows all of the flow to slide directly over the clay deposits towards the Lake. As a result, effluent flows into Flathead Lake resulting in environmental pollution

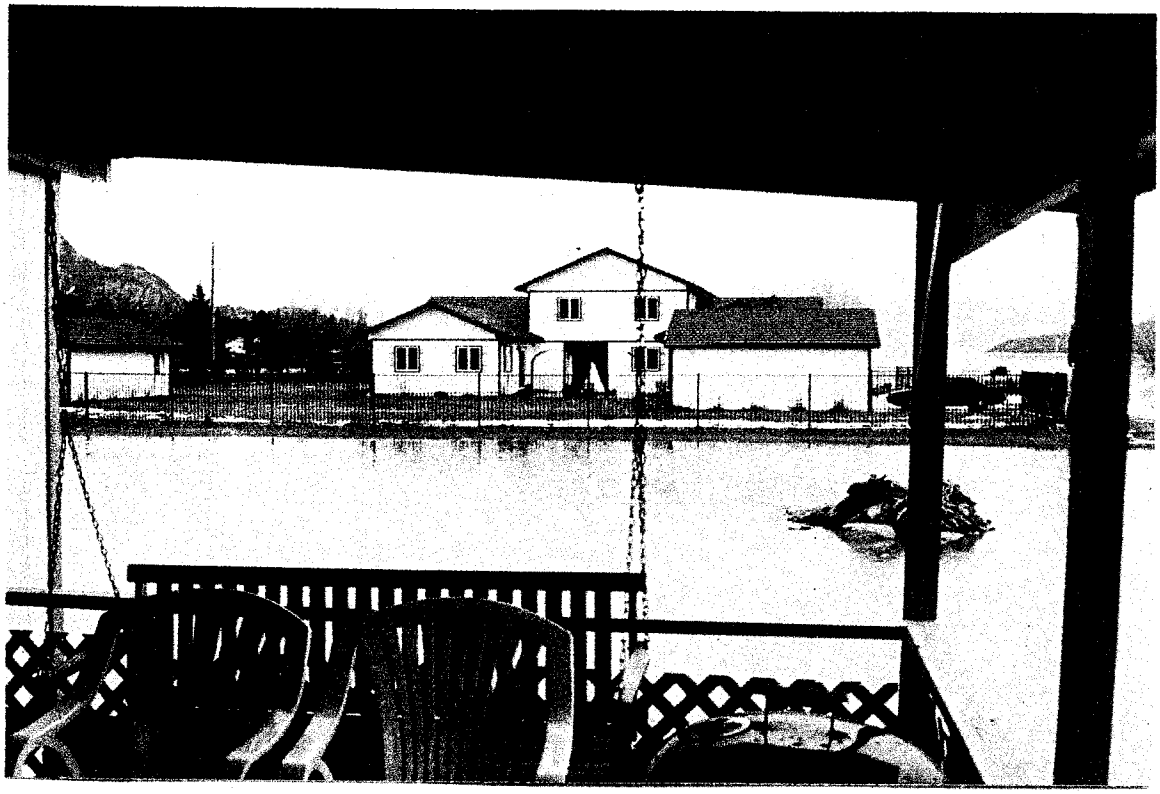
[] Localized flooding in Dayton from groundwater during the spring melt and during irrigation results in no treatment occurring in the soil before the drainfield effluent reaches groundwater and/or contaminating shallow drinking wells, thereby providing opportunities for human contact.

[] Documentation of abandoned wells as a result of contamination and human illness has been received.

Saturated ground around evaporative mound = contaminated standing water



Run-off from Saturated Ground
January 11, 2006



Saturated ground around evaporative mound = contaminated standing water

Run-off from Saturated Ground
January 11, 2006 Dayton, Montana

ANALYTICAL REPORT
Montana Environmental Laboratory LLC

Prepared for:

Dayton Water & Sewer District
P. O. Box 84
Dayton, MT 59914

ORDER#: G0503808

Location: Customer Does Not want to Disclose Loc **Matrix:** ENVIRO WATER **Date Collected:** 05/15/2005
PWS ID: **Date Received:** 05/16/2005
Lab ID: 0503808-01

Test Parameters

Parameter	Result	Units	MDL	MCL	Method	Date Analyzed	Analyst
Coliform, Fecal	24	CFU/100ml	1		9222D	05/17/2005	HL

Certified by the State of Montana Public Health Laboratory according to Federal EPA Drinking Water Standards

MONTANA ENVIRONMENTAL LABORATORY LLC
215 W. Montana St. P.O. Box 8900 Kalispell, MT 59904-1900
Phone: (406) 755-2131 Fax: (406) 257-5359

☐ Colilert - $25
☐ Colisure - $25
☐ Membrane Filter - $25
☒ Fecal Coliform

Price subject to change without notice

PLEASE FILL IN - PRESS FIRMLY

ADDRESS WHERE SAMPLE WAS COLLECTED: Customer Does Not Want to Disclose Location
(street address, house #, legal description, property name, etc.)

City: Dayton County: Lake

Date Collected: May 15th Time: 7:30 pm

Collector of Sample: Dale Phone #: 849-5933

Type of water supply: Hand Dug Well 34'
(well, spring, lake, etc.)

Is there anyone else authorized to receive these results? If so, who?
Dayton Water Sewer Board

MAILING ADDRESS of Person to Receive Report
Name: Dayton Lake County W+S.
Street: PO Box 84
City: Dayton State: MT Zip: 59914

SAMPLES MUST ARRIVE WITHIN 30 HRS OF COLLECTION
Keep Sample COOL, NOT frozen
It is important to sample correctly.

BR1 (Rev. 4/02)

LAB USE ONLY

LAB No. 3808
Received: 5/16/05 1045
Analyzed: 5/16/05 1945
Reported: 5/17/05 1350

BACTERIOLOGICAL RESULTS
☐ Total Coliform Absent - Satisfactory at this time.
☐ Total Coliform Present - Unsatisfactory.
☐ E. coli Absent ☐ E. coli Present

Analyst: HL

Comments: Fecal: 24 CFU/100mL

☐ A contaminated water supply should be disinfected and retested before it is used as drinking or household water.
☐ Shock chlorination instructions enclosed.

PAYMENT MUST ACCOMPANY SAMPLE
Add $2.95 postage per sample if using MEL mailers
Pd: [illegible]
Ck#: [illegible]
M C

SEE BACK OF FORM FOR SAMPLING PROCEDURE

MCL = Maximum Contaminant Limit ND = Not Detected
MDL = Minimum Detection Limit NR = Not Regulated

MEL REVIEW: HL

ANALYTICAL REPORT

Montana Environmental Laboratory LLC
1170 N. Meridian Rd., P.O. Box 8900, Kalispell, MT 59904-1900
Phone: 406-755-2131 Fax: 406-257-5359

Dayton Water & Sewer District
P. O. Box 84
Dayton, MT 59914

PWS ID:
Project: 7th & D Street

Client Sample ID: 7th and D Street
Matrix: ENVIRO WATER
Collected: 04/09/2006 17:30
Lab ID: 0602823-01
Received: 04/10/2006 11:30

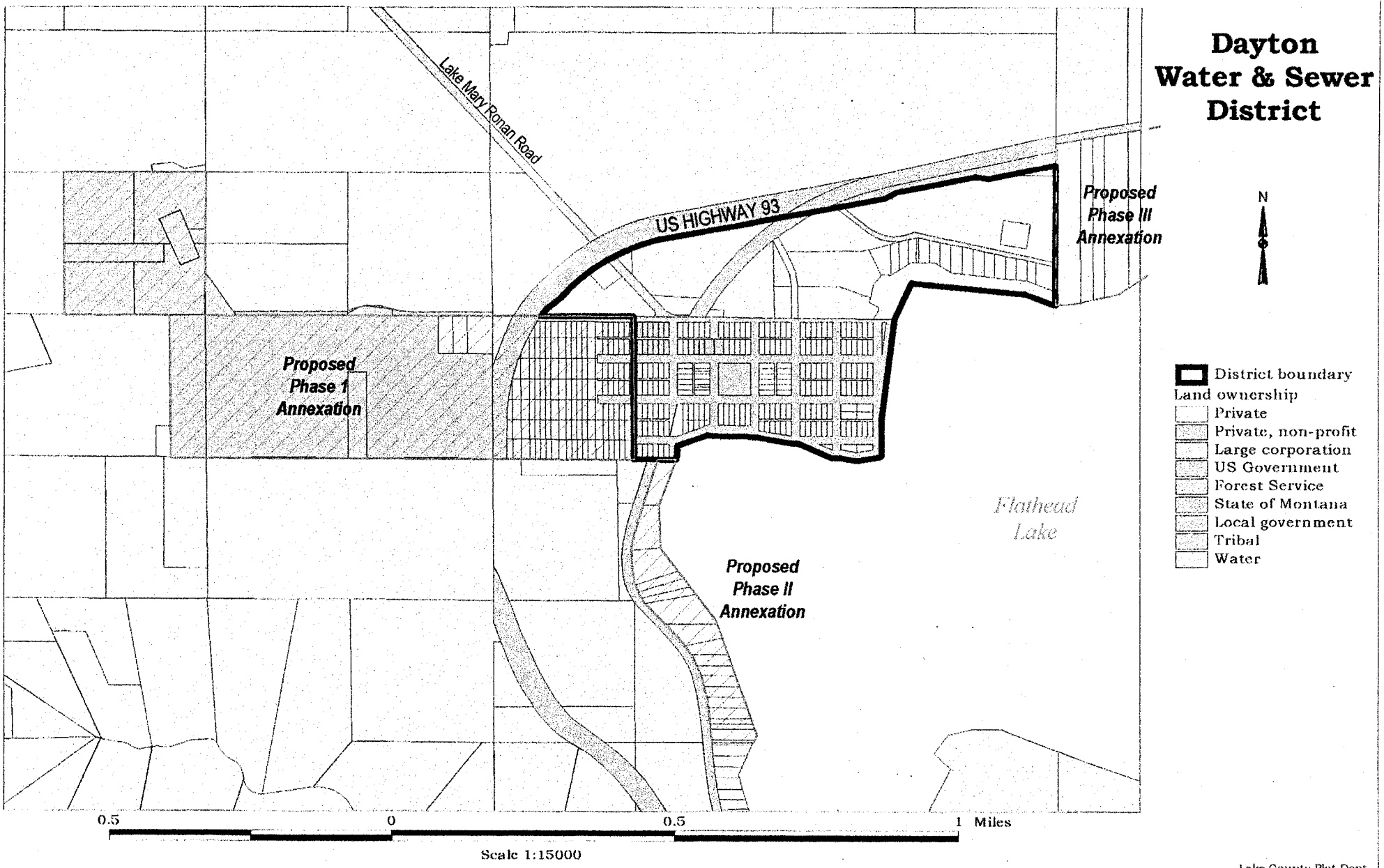
Analyses	Result	Units	RL	MCL	Method	Prepared	Analyzed	Analyst
Coliform, Fecal	**<100** *	CFU/100ml	100		9222D		04/11/2006 14:01	HL
Nitrate + Nitrite, Total	**2.55**	mg/L	0.01		353.2		04/11/2006 14:00	JWH

* Reporting Limit Raised Due To High Turbidity In The Sample.

MCL = Maximum Contaminant Limit
RL = Reporting Limit
ND = Not Detected
NR = Not Regulated

MEL REVIEW: JMC

Malfunctioning Mound System—draining onto 7th & D Street Dayton
APRIL 8, 2006



Dayton Water & Sewer District

Lake County Plat Dept.
AV3.2/phealth/Dayton
6/20/02